



DONALD L. WOLFE, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
www.ladpw.org

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

August 17, 2006

IN REPLY PLEASE
REFER TO FILE: PD-5

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**BUS STOP SHELTER LICENSE AGREEMENT NO. 63885—AMENDMENT NO. 3
CLEAR CHANNEL OUTDOOR, INC.
ALL SUPERVISORIAL DISTRICTS
3 VOTES**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the continuation of the bus stop shelter program utilizing Clear Channel Outdoor, Inc., to install and maintain bus stop shelters in various locations of unincorporated County areas.
2. Authorize the Director of Public Works, or his designee, to negotiate and execute Amendment No. 3 to Agreement No. 63885 with Clear Channel Outdoor, Inc., substantially similar to the enclosed proposed amendment, to provide these services on a month-to-month basis, not to exceed 12 months beginning September 11, 2006, while Public Works completes a solicitation for a new license agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 15, 1983, your Board approved a program to install bus stop shelters at various locations throughout the unincorporated County areas. On June 19, 1990, your Board authorized the Director of Public Works to negotiate and arrange for a license agreement with Metro Display Advertising, Inc., d.b.a. Bustop Shelters of California, Inc., to install and maintain approximately 280 bus stop shelters in unincorporated County areas. Your Board approved the ten-year agreement, Agreement No. 63885, on

September 10, 1990. On October 7, 1999, your Board approved Amendment No. 1 to this Agreement. Amendment No. 1 authorized the installation of an additional 500 shelters, modified the revenue paid by Metro Display Advertising, Inc., to be the greater of a minimum of \$100,000 per year or 15 percent of the gross advertising revenues less agency commissions, and authorized the Director to implement a five-year extension of the Agreement effective September 11, 2000. On September 6, 2005, your Board approved Amendment No. 2 to this Agreement. Amendment No. 2 provided for a 12-month continuation of the Agreement on a month-to-month basis while Public Works proceeded with the vendor solicitation process for the Advertising Bus Stop Shelter Program.

Metro Display Advertising, Inc., is now doing business as Clear Channel Outdoor, Inc. They currently have approximately 370 advertising bus stop shelters installed in unincorporated areas of the County of Los Angeles. The vast majority of these shelters were installed over ten years ago and are at the end of their useful life. Although Clear Channel Outdoor, Inc., is not willing to replace the existing shelters without a new long-term commitment, they are willing to continue to maintain the existing shelters and install new shelters at some locations.

We have been developing the scope of work for the vendor solicitation over the past 11 months. We conducted field reviews at over 300 existing bus shelter locations to ensure that the bus stops are still in use and are appropriate for shelters. We also consulted with several cities in Los Angeles and Orange Counties to determine prevailing rates of compensation that the shelter vendors pay to each city. We reviewed Request for Proposals (RFPs) prepared by four cities and have identified additional advertising standards and controls, which will be beneficial to the County. The review of these RFPs has also helped in identifying the latest bus shelter design standards, schemes, and parameters.

In August 2005, Public Works was made aware that our Contractor must pay the County a Possessory Interest Tax because the bus stop shelters are on public right of way. We worked closely with the Los Angeles County Office of the Assessor and confirmed that the tax liability existed and could be collected for four prior years. On April 18, 2006, the Office of the Assessor notified Clear Channel Outdoor, Inc., of their prior year tax liability of approximately \$6,000 per year. Clear Channel Outdoor, Inc., has paid all prior year Possessory Interest Taxes. They will be assessed for current and future year taxes associated with this Amendment.

The purpose of this action is to amend Agreement No. 63885 with Clear Channel Outdoor, Inc., to extend the current terms and conditions of the Agreement on a month-to-month basis, up to 12 months, after the current Agreement expires on September 10, 2006. The Amendment will allow Clear Channel Outdoor, Inc., to continue to install and maintain advertising bus stop shelters while Public Works completes the vendor solicitation process for the Advertising Bus Stop Shelter Program. We anticipate finalizing the scope of work by September 2006 and having a new vendor selected by July 2007.

Implementation of Strategic Plan Goals

This action is consistent with the County Strategic Plan Goal of Service Excellence by continuing to provide bus stop shelters to protect transit patrons from inclement weather and to provide a comfortable and safe location while they wait for a bus.

FISCAL IMPACT/FINANCING

Under the current License Agreement, the County receives 15 percent of the gross advertising revenue less agency sales commissions, with a guaranteed minimum of \$100,000 per year. Clear Channel Outdoor, Inc., performs the installation and maintenance of advertising bus stop shelters at no cost to the County. Since the bus stop shelters are located in road right of way, the revenue is deposited in the Road Fund. A portion of the revenue generated from this License Agreement will be used to administer the program, and the remainder of these funds will be used to operate and maintain existing road infrastructure.

Additionally, the vendor is required to pay a Possessory Interest Tax of 1.25 percent of the assessed value of the bus stop shelters. Currently the Possessory Interest Tax is estimated to be \$6,000 per year, and Clear Channel Outdoor, Inc., will be assessed on the same date as other property taxes are billed. These tax receipts will be deposited in the County General Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 10, 1990, your Board awarded License Agreement No. 63885 to Metro Display Advertising, Inc., d.b.a. Bustop Shelters of California, Inc. Eller Media, Inc., a subsidiary of Clear Channel Communications, Inc., acquired Metro Display Advertising, Inc., on January 23, 1998. Eller Media, Inc., subsequently changed their operating name to Clear Channel Outdoor, Inc., on July 2, 2001. Amendment No. 2 to Agreement No. 63885 between the County and Clear Channel Outdoor, Inc., expires on September 10, 2006.

The extension will be negotiated and agreed upon with the current vendor, Clear Channel Outdoor, Inc., after your Board's approval of this item. Amendment No. 3 to Agreement No. 63885 will be reviewed and approved as to form by County Counsel prior to the Director of Public Works, or his designee, signing it.

ENVIRONMENTAL DOCUMENTATION

On October 19, 1999, your Board found this project to be categorically exempt pursuant to Section 15311 of the California Environmental Quality Act Guidelines and Appendix G of the County's Environmental Document Reporting Procedures and Guidelines.

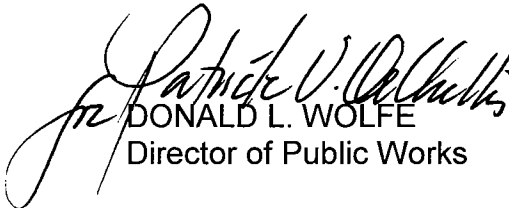
IMPACT ON CURRENT SERVICES (OR PROJECTS)

This extension will continue the existing service while a new competitive solicitation process is completed.

CONCLUSION

Upon approval by your Board, please return two adopted copies of this letter to Public Works.

Respectfully submitted,



DONALD L. WOLFE
Director of Public Works

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Enc.

cc: Chief Administrative Office
County Counsel
Office of the Assessor
Treasurer and Tax Collector

THIRD AMENDMENT TO LICENSE AGREEMENT NO. 63885

THIS THIRD AMENDMENT to AGREEMENT NO. 63885 is made and entered into by and between the COUNTY OF LOS ANGELES (hereinafter referred to as COUNTY) and CLEAR CHANNEL OUTDOOR, INC., (hereinafter referred to as LICENSEE).

W I T N E S S E T H

WHEREAS, on September 10, 1990, COUNTY entered into Agreement No. 63885 with Metro Display Advertising, Inc., d.b.a. Bustop Shelters of California, Inc., (hereinafter referred to as AGREEMENT) to provide for the placement and maintenance of transit shelters at selected locations on portions of COUNTY streets and highways; and

WHEREAS, on January 23, 1998, Eller Media, Inc., a subsidiary of Clear Channel Communications, Inc., acquired Metro Display Advertising, Inc.; and

WHEREAS, on July 2, 2001, Eller Media, Inc., changed their operating name to Clear Channel Outdoor, Inc.; and

WHEREAS, the First Amendment to this AGREEMENT was approved on October 19, 1999, to modify the revenue portion of the AGREEMENT and to exercise the option to implement a contract extension through September 10, 2005; and

WHEREAS, the Second Amendment to this AGREEMENT was approved on September 6, 2005, to extend the AGREEMENT on a month-to-month basis, up to 12 months through September 10, 2006; and

WHEREAS, COUNTY has a need for LICENSEE to continue to provide bus stop shelter service for the Advertising Bus Stop Shelter Program (hereinafter referred to as PROGRAM); and

WHEREAS, LICENSEE will continue to compensate COUNTY fifteen percent (15%) of the gross advertising revenues, after agency sales commission, received for rental of advertising space on all advertising bus stop shelters installed under this PROGRAM, with a guaranteed minimum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) per year; and

WHEREAS, the parties desire to extend the service beyond September 10, 2006, for up to an additional year on a month-to-month basis while the COUNTY completes its solicitation process for a new agreement for this service.

NOW, THEREFORE, in consideration of these facts and the mutual benefits to be derived by LICENSEE and COUNTY based on the promises herein contained,

COUNTY and LICENSEE agree that this AGREEMENT, the First Amendment, and the Second Amendment to this AGREEMENT between them shall be amended as follows:

- A. AGREEMENT and the Second Amendment to AGREEMENT shall be revised by removing existing Section 2 and replacing it with the following:

2. Duration

The original term of this License AGREEMENT was for ten (10) years, from September 11, 1990, through September 10, 2000. The First Amendment to AGREEMENT was implemented to exercise a five (5)-year option, beginning on September 11, 2000, through September 10, 2005. The Second Amendment to AGREEMENT extended the term of AGREEMENT from September 11, 2005, through September 10, 2006. This Third Amendment to Agreement will extend the term of AGREEMENT on a month-to-month basis, not to exceed twelve (12) months beginning on September 11, 2006, and not to extend beyond September 10, 2007. The COUNTY and LICENSEE may terminate this AGREEMENT prior to September 10, 2007, by giving the other party written notice thereof at least thirty (30) calendar days in advance. Upon termination of the AGREEMENT, LICENSEE shall remove shelters and compensate COUNTY in accordance with the provisions provided herein.

- B. All other terms, conditions, requirements, and specifications set forth in the AGREEMENT and in the First Amendment and Second Amendment to the AGREEMENT shall remain in effect.

[illegible]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to AGREEMENT to be executed by their respective officers, duly authorized, by CLEAR CHANNEL OUTDOOR, INC., on _____, 2006, and by the Director of Public Works, pursuant to authority delegated by the Board of Supervisors of the COUNTY OF LOS ANGELES on _____, 2006, Board Action ____.

COUNTY OF LOS ANGELES

By _____
Director of Public Works

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By _____
Deputy

CLEAR CHANNEL OUTDOOR, INC.

By _____
Greg McGrath, General Manager

By _____
Layne Lawson, Director of Public Affairs

ALL SIGNATURES MUST BE
WITNESSED BY NOTARY
(Attach appropriate acknowledgments)

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